



DAVID E. JANSSEN
Chief Administrative Officer

County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101

November 13, 2001

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**SAVINGS PLAN AMENDMENT
(3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

Approve the accompanying ordinance amending the Savings Plan.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The County Savings Plan, a defined contribution plan under Section 401k of the Internal Revenue Code, is required by tax law to be amended before the end of the 2001 calendar year to maintain its status as a qualified tax deferred plan. In addition, the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) contains provisions which enhance the ability of eligible non-represented employees to save for retirement. Accordingly, we recommend that the Savings Plan be amended to fully implement EGTRRA's provisions.

FISCAL IMPACT/FINANCING

None.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Savings Plan, established in 1984, was submitted to the Internal Revenue Service (IRS) for a favorable determination of its tax deferred status when it was originally

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United We Stand

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established. Since 1984 the plan has been administered in accordance with tax law and has been amended periodically to reflect tax law changes but no new determination letter has been sought.

We have been advised by the plan auditor, KPMG, that the County should seek a new plan determination letter from the IRS to protect its continued tax deferred status. The amendment contained in the accompanying ordinance was drafted by counsel to incorporate current tax law provisions required by the IRS to issue a favorable determination letter. After approval of the plan amendment by your Board, the plan will be submitted to the IRS for a determination on its tax status.

EGTRRA greatly expands opportunities for employees to save for their retirement beginning in 2002 and to shift their resources to other retirement arrangements when they leave County service. Counsel has drafted plan amendments, included in the attached ordinance, needed to implement the EGTRRA changes for Savings Plan participants. The principal changes include: raising the employee's 2002 pre-tax contribution limit to \$11,000; allowing an additional \$1,000 limit for employees aged 50 and older in 2002; raising the overall plan limit on pretax, after tax and matching contributions to the amount provided by tax law; full portability of savings to other retirement arrangements after leaving County service and portability of savings from other retirement arrangements to the Savings Plan upon entering County service.

The accompanying ordinance has been approved as to form by the County Counsel.

Implementation of Strategic Plan Goals

The Savings Plan amendment supports achievement of Strategic Plan Goal No. 2, Workforce Excellence, and Goal No. 4, Fiscal Responsibility, by affording employees access to the benefits allowed by tax law at no increased cost to the County and by assuring that plan assets are protected from taxation until they are distributed to participants or their beneficiaries.

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IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the Savings Plan amendment by your Board will assure plan participants that their plan assets will continue to have tax deferred status. The EGTRRA and related amendments will insure that non-represented employees have full access to tax law retirement savings opportunities.

Respectfully submitted,



DAVID E. JANSSEN
Chief Administrative Officer

DEJ:SRB
PHS:FF:pb

c: County Counsel
Each Member of the Savings Plan Administrative Committee

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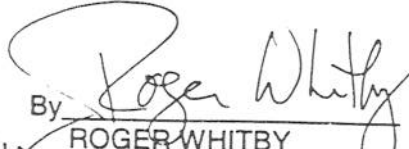
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ANALYSIS

This ordinance amends Title 5 - Personnel of the Los Angeles County Code by restating the provisions of the County of Los Angeles Savings Plan to conform to the current provisions of Federal tax law and implement certain provisions of the Economic Growth and Tax Relief and Reconciliation Act of 2001.

LLOYD W. PELLMAN
County Counsel

By


ROGER WHITBY
Senior Assistant County Counsel

RW:mag

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ORDINANCE NO.

An ordinance amending Title 5 - Personnel, of the Los Angeles County Code relating to the County of Los Angeles Savings Plan.

The Board of Supervisors of the County of Los Angeles Ordains as follows:

SECTION 1. Chapter 5.26 is hereby deleted in its entirety.

SECTION 2. Chapter 5.26 is hereby added to read as follows:

CHAPTER 5.26

THE COUNTY OF LOS ANGELES SAVINGS PLAN

Parts:

- 1 General Provisions
- 2 Participation
- 3 Tax Deferred Contributions
- 4 Matching Contributions
- 5 Investments
- 6 Distributions and Withdrawals
- 7 Administration of the Plan and Trust Agreement
- 8 Fiduciary Responsibility
- 9 Miscellaneous
- 10 Amendment or Termination
- 11 Rollovers
- 12 EGTRRA Sunset

Part 1

GENERAL PROVISIONS

Sections:

- | | |
|----------|---|
| 5.26.010 | Adoption -- Purpose. |
| 5.26.020 | Definitions. |
| 5.26.030 | Construction. |
| 5.26.033 | Trial Court Entities. |
| 5.26.035 | Limitation on Compensation and Eligible Earnings. |

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5.26.010 Adoption – Purpose.

The County of Los Angeles, pursuant to the order of its Board of Supervisors, adopted a profit sharing plan known as "The County of Los Angeles Savings Plan," effective as of September 1, 1984. The County now amends and restates this Plan principally to comply with the Unemployment Compensation Amendments of 1992, the requirements of the Omnibus Budget Reconciliation Act of 1993, the Uniform Services Employment and Reemployment Rights Act of 1994, the Small Business Job Protection Act of 1996, the Taxpayer Relief Act of 1997, the Internal Revenue Service Restructuring and Reform Act of 1998 and the Economic Growth and Tax Relief Reconciliation Act of 2001. This amendment and restatement of the Plan shall constitute an amendment, restatement and continuation of the Plan to be effective as of January 1, 1997 unless a provision expressly states otherwise. Certain provisions of this amendment and restatement, however, are effective before or after the effective date. Provisions which are effective prior to the Effective Date shall be deemed to amend the corresponding provisions of the Plan as amended and in effect before this restatement. Events occurring before the applicable effective date of any provisions of this restatement shall be governed by the applicable provisions of the Plan in effect on the date of the event.

The Plan is a profit sharing plan with a cash or deferred arrangement intended to qualify under Code Section 401(a) and to meet the requirements of Code Section 401(k).

The purpose of the Plan is to permit Employees to defer a portion of their Compensation and provide for retirement, disability and death benefits. The Plan is a retirement benefit enhancement provided to Employees subsequent to the withdrawal of the County from the Social Security System effective December 31, 1982.

While the County intends to continue the plan, it reserves the right to amend and/or terminate the Plan, in whole or in part, at any time. Benefits under the Plan shall at any time be limited to those that are payable from Participants' Accounts to the extent then funded by County Contributions that have already been made and credited to such Accounts. Therefore, while Participants' existing Account balances are at all times fully protected, neither participation in the Plan nor eligibility therefor shall entitle any Employee to have the Plan or any of its provisions continued for his benefit in the future.

5.26.020 Definitions.

The following terms when used herein with initial capital letters, unless the context clearly indicates otherwise, shall have the following respective meanings:

1. "Account" means a Participant's Tax Deferred Contributions Account, Matching Contributions Account, After-Tax Contributions Account and Rollover Contribution Account as specified in Section 5.26.190.

2. "Administrative Committee" means the Auditor-Controller, County Counsel, Treasurer and Tax Collector, and Chief Administrative Officer of the County, or their designated representatives.

3. "Administrator" or "Plan Administrator". The Administrator of the Plan, as defined in Code Section 414(g), shall be the Administrative Committee which may delegate all or any part of its powers, duties and authorities in such capacity (without ceasing to be the Administrator of the Plan) as hereinafter provided.

4. "After-Tax Contributions" means contributions made by the County pursuant to a salary deduction agreement as specified in Section 5.26.065.

5. "After-Tax Contribution Account" means an account to which the After-Tax Contributions made for each Participant, and any earnings, investment gains or losses and applicable Plan expenses allocable thereto, are credited.

6. "Alternate Payee" means any spouse, former spouse, child or other dependent of a participant who is recognized by a domestic relations order as having a right to receive all, or a portion of, the benefits payable under a plan with respect to such Participant.

7. "Beneficiary" means such person or persons as a Participant may designate to receive his interest under the Plan after his death. The designation may be made, and may be revoked or changed, only by a written instrument (in form acceptable to the Administrative Committee) signed by the Participant and filed with the Administrative Committee before his death. In the absence of a designation and at any other time when there is no existing Beneficiary designated by the Participant, his Beneficiary shall be his spouse, if living 30 days after the date of his death, or, if not, his children (by blood or adoption) equally (with children of a deceased child to share equally the share of such deceased child). If a Beneficiary cannot be determined pursuant to the preceding sentence, the Beneficiary shall be the Participant's estate.

8. "Catch-Up Contributions" means contributions made by the County on or after January 1, 2002, as specified in Section 5.26.060B.

9. "Code" means the Internal Revenue Code of 1986, as amended.

10. a. "Compensation" means base rate, as established in Title 6 of the Los Angeles County Code, as amended, plus:

(1) Any monthly bonus established as a designated number of schedules and/or levels in the Standardized Salary Schedule contained in such Title 6 or established as a percentage of base rate pursuant to Parts 2 or 3 of Chapter 6.08 of such Title 6;

(2) The monthly amounts provided by Sections 5.12.200, 5.27.240A, 5.28.240A, 5.40.460 and 5.40.465;

(3) Any lump-sum payment made upon termination pursuant to Section 5.20.070 or 6.18.070 of the Los Angeles County Code.

b. Compensation shall not include any of the following:

(1) Overtime compensation;

(2) Any lump-sum payoff or reimbursement for unused accumulated overtime, vacation, holiday time or sick leave benefits;

(3) Compensation pursuant to Section 6.16.010 of the Los Angeles County Code;

(4) Any hourly bonus;

3. "Administrator" or "Plan Administrator". The Administrator of the Plan, as defined in Code Section 414(g), shall be the Administrative Committee which may delegate all or any part of its powers, duties and authorities in such capacity (without ceasing to be the Administrator of the Plan) as hereinafter provided.

4. "After-Tax Contributions" means contributions made by the County pursuant to a salary deduction agreement as specified in Section 5.26.065.

5. "After-Tax Contribution Account" means an account to which the After-Tax Contributions made for each Participant, and any earnings, investment gains or losses and applicable Plan expenses allocable thereto, are credited.

6. "Alternate Payee" means any spouse, former spouse, child or other dependent of a participant who is recognized by a domestic relations order as having a right to receive all, or a portion of, the benefits payable under a plan with respect to such Participant.

7. "Beneficiary" means such person or persons as a Participant may designate to receive his interest under the Plan after his death. The designation may be made, and may be revoked or changed, only by a written instrument (in form acceptable to the Administrative Committee) signed by the Participant and filed with the Administrative Committee before his death. In the absence of a designation and at any other time when there is no existing Beneficiary designated by the Participant, his Beneficiary shall be his spouse, if living 30 days after the date of his death, or, if not, his children (by blood or adoption) equally (with children of a deceased child to share equally the share of such deceased child). If a Beneficiary cannot be determined pursuant to the preceding sentence, the Beneficiary shall be the Participant's estate.

8. "Catch-Up Contributions" means contributions made by the County on or after January 1, 2002, as specified in Section 5.26.060B.

9. "Code" means the Internal Revenue Code of 1986, as amended.

10. a. "Compensation" means base rate, as established in Title 6 of the Los Angeles County Code, as amended, plus:

(1) Any monthly bonus established as a designated number of schedules and/or levels in the Standardized Salary Schedule contained in such Title 6 or established as a percentage of base rate pursuant to Parts 2 or 3 of Chapter 6.08 of such Title 6;

(2) The monthly amounts provided by Sections 5.12.200, 5.27.240A, 5.28.240A, 5.40.460 and 5.40.465;

(3) Any lump-sum payment made upon termination pursuant to Section 5.20.070 or 6.18.070 of the Los Angeles County Code.

b. Compensation shall not include any of the following:

(1) Overtime compensation;

(2) Any lump-sum payoff or reimbursement for unused accumulated overtime, vacation, holiday time, or sick leave benefits;

(3) Compensation pursuant to Section 6.16.010 of the Los Angeles County Code;

(4) Any hourly bonus;

(5) Any monthly bonus established as a flat dollar amount or as a percentage of base rate except that compensation shall include any monthly bonus paid as a percentage of base rate for employees compensated pursuant to Parts 2 or 3 of Chapter 6.08 entitled Management Appraisal and Performance Plan of the Los Angeles County Code.

11. "Compensation Deferral Agreement" means an agreement pursuant to which an Employee agrees to reduce, or to forego an increase in, his Eligible Earnings and the County agrees to contribute to the Plan the amount of the reduction or the amount foregone as a Tax Deferred Contribution.

12. "County" means the County of Los Angeles and (a) any governmental entity of which the Los Angeles County Board of Supervisors is the governing body, and (b) any Trial Court Entity to the extent participation in the Plan by such Entity is authorized by state law or rules of court and provided such Entity has not elected not to participate in the Plan.

13. "County Contributions" means Tax Deferred Contributions, if any, as specified in Section 5.26.060, After-Tax Contributions, if any, as specified in Section 5.26.065 and Matching Contributions as specified in Section 5.26.110.

14. "Disability" means the complete and continuous inability and incapacity of the Participant to perform the duties of his or her position with the County.

15. "Eligible Earnings" means any Compensation paid to an Employee for service performed for the County which is currently includable in gross income under the Code, or which would be so includable had the Employee not signed a Compensation Deferral Agreement.

16. "Eligible Employee" means a full-time permanent Employee who is not a Leased Employee, is not in an Excluded Bargaining Unit and who is designated by the Board of Supervisors of the County as eligible to participate in the Plan. For purposes hereof, "full-time permanent" means any employee appointed to an "A", "L" or "N" item pursuant to Title 6 of the Los Angeles County Code. Any employee who would otherwise cease to be an Eligible Employee because of a change in employment classification and/or entry into an Excluded Bargaining Unit shall remain an Eligible Employee until the last day of the month following the month in which such change or entry occurs or such later date as the Administrative Committee may provide.

17. "Eligible Rollover Distribution" means any distribution of all or part of the balance to the credit of the Participant in a qualified trust described in Code Section 401(a) (including the Plan where applicable) or in a "conduit" individual retirement account described in Code Section 408(d)(3)(A)(ii), other than (1) any distribution which is one of a series of substantially equal periodic payments made not less frequently than annually for the life (or life expectancy) of the Participant or beneficiary or the joint lives (or joint life expectancies) of such individual and his designated beneficiary, or for a specified period of 10 years or more; (2) any distribution to the extent such distribution is required by Code Section 401(a)(9); and (3) any distribution which is (a) a return of elective deferrals described in Section 1.415-6(b)(6)(iv) of the Treasury Regulations which is returned due to the limitations under Code Section 415, (b) a corrective distribution of excess contributions described in Section 1.401(k)-1(f)(4) of the Treasury Regulations, excess deferrals described in Section 1.402(g)-1(e)(3) of the Treasury Regulations or excess aggregate

contributions described in Section 1.401(m)-1(e)(3) of the Treasury Regulations, together with the income allocable thereto, (c) a loan treated as a distribution under Code Section 72(p) and not excepted from such treatment under Code Section 72(p)(2), (d) a deemed distribution of a loan in default, (e) a dividend on employer securities described in Code Section 404(k), (f) the P.S. 58 cost of life insurance coverage, and (g) any other similar item designated by the Commissioner of Internal Revenue. For distributions made on or after January 1, 2000, an Eligible Rollover Distribution also does not include any distribution or withdrawal of Tax Deferred Contributions due to Hardship as provided in Section 5.26.300 and under Code Section 401(k). For distributions made on or after January 1, 2002, an Eligible Rollover Distribution also does not include any distribution or withdrawal of Matching Contributions or Tax Deferred Contributions due to Hardship as provided in Section 5.26.300.

18. "Employee" means any person who: (a) has been determined by the County (regardless of any determination made by any other person or entity) to be an employee of the County within the meaning of Code Section 3401(c) for federal income and/or employment tax purposes; or (b) is a Leased Employee as defined in subsection 26 of this Section and as provided in Section 5.26.055. If it is determined that an individual was erroneously categorized as not being an Employee, he or she shall be treated as an Employee under the Plan only prospectively from the date of such determination.

19. "Entry Date" means September 1, 1984, and the first day of every succeeding month unless otherwise provided by the Administrative Committee.

20. "Excluded Bargaining Unit" means an employee representation unit, unless the representative of such unit and the County agree that the Employees in such unit shall be covered hereunder.

21. "415 Compensation" means wages, within the meaning of Section 3401(a) of the Code (for purposes of income tax withholding) but determined without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed, paid to an Employee by the County. Effective for years beginning on and after January 1, 1998, 415 Compensation also includes any County contribution under a cash or deferred arrangement (including Tax Deferred Contributions) for the year, any County contributions to purchase an annuity contract under Code Section 403(b) under a salary reduction agreement, any other elective deferral (as defined in Code Section 402(g)(3)) and any amount which is contributed to a plan sponsored by the County at the election of the Employee and which is not includible in gross income under Code Section 125 or Code Section 457. For Limitation Years (as defined in Section 5.26.160) beginning on and after January 1, 2001, for the purposes of applying the limitations described in Section 5.26.160, 415 Compensation paid or made available during such Limitation Years shall include elective amounts that are not includible in the gross income of the Employee by reason of Code Section 132(f)(4). For these purposes, the "County" includes any entity the employees of which, together with employees of the County, are required to be treated as if they were employed by a single employer under Code Section 414(b), (c), (m) or (o) (taking into account any adjustment made pursuant to Code Section 415(h)), and any entity whose employees are treated as employees of the County under

Code Section 414(n).

22. "Hardship" means hardship as determined in a uniform and nondiscriminatory manner by the Administrative Committee, taking into account wherever applicable the definition of such term by the Treasury Department in its regulations or other applicable guidance issued under Code Section 401(k), all on the basis of information supplied to the Administrative Committee by the Participant.

23. "Horizons Plan" means the County of Los Angeles Deferred Compensation and Thrift Plan.

24. "Investment Funds" means the investment fund or funds selected from time to time by the Administrative Committee, including the Participant Loan Fund.

25. "Investment Manager" means the person(s) appointed by the Plan Administrator who, under such terms and conditions as the Plan Administrator may decide with respect to an Investment Fund, has the discretion to determine which assets in such Fund shall be sold (or exchanged) and what investments shall be acquired for such Fund. In the alternative, an organization which is employed by the County to provide administrative and investment services (by agreement with one or more investment providers) may be designated an Investment Manager.

26. "Leased Employee" means any person described in Code Section 414(n)(2) for the purposes of the plan qualification requirements listed in Code Section 414(n)(3).

27. "Matching Contributions" means contributions made by the County as specified in Section 5.26.110.

28. "Matching Contribution Account" means an account to which the Matching Contributions allocated to each Participant, and any earnings, investment gains or losses and applicable Plan expenses allocable thereto, are credited.

29. "Participant" means an Eligible Employee or a former Eligible Employee who has become and continues to be a Participant of the Plan in accordance with the provisions of Part 2 of this chapter.

30. "Participant Loan Fund" means the Investment Fund provided for in Section 5.26.310.

31. "Plan" means the County of Los Angeles Savings Plan, the terms and provisions of which are herein set forth, as the same may be amended, supplemented or restated from time to time.

32. "Plan Year" means a calendar year.

33. "QDRO" means a "qualified domestic relations order," which is a domestic relations order that the Administrative Committee has determined satisfies the requirements of a qualified domestic relations order as defined in Code Section 414(p)(1) and is consistent with the terms of this Plan.

34. "Qualified Plan" means an employee benefit plan that is qualified under Section 401 (a) of the Code.

35. "Rollover Contributions" means contributions received by the Plan pursuant to Section 5.26.610A.

36. "Rollover Contributions Account" means an account to which the Rollover Contributions received on behalf of each Participant, and any earnings, investment gains or losses and applicable Plan expenses allocable thereto, are credited.

37. "Salary Deduction Agreement" means an agreement pursuant to which an Employee agrees to have an amount deducted from his Eligible Earnings, on an after-tax basis, and the County agrees to contribute to the Plan the amount deducted as an After-Tax Contribution.

38. "Tax Deferred Contributions" means contributions made by the County pursuant to a Compensation Deferral Agreement as specified in Section 5.26.060. Effective on or after January 1, 2002, such term shall also include any Catch-Up Contributions made to the Plan on behalf of a Participant as specified in Section 5.26.060B.

39. "Tax Deferred Contributions Account" means an account to which the Tax Deferred Contributions and, effective January 1, 2002, Catch-Up Contributions, subject to any action taken by the Administrative Committee under Section 5.26.190 to establish a separate account or subaccount for such Catch-Up Contributions, made for each Participant, and any earnings, investment gains or losses and applicable Plan expenses allocable thereto, are credited.

40. "TPA" means a third-party administrator who has entered into a contract with the County to provide record-keeping or other administrative services for the Plan.

41. "Trial Court Act" means the Trial Court Employment Protection and Governance Act, California Government Code Section 71600 et seq.

42. "Trial Court Employee" means a "trial court employee," as defined under the Trial Court Act, who is an Eligible Employee.

43. "Trial Court Entity" means each Los Angeles County Municipal Court, Los Angeles County Superior Court, and each unified, successor trial court entity (or portion thereof) established in the County of Los Angeles pursuant to California Government Code Section 70200 et seq.

44. "Trust Agreement" means any agreement between the County and a Trustee as in effect from time to time.

45. "Trustee" means any person that is a custodian or trustee and that is appointed by the Board of Supervisors of the County to hold and administer some or all of the assets of the Plan pursuant to Part 7 of this chapter.

46. "Valuation Date" means the date with respect to which the value of the Plan assets or any portion thereof is determined. Unless otherwise determined by the Administrative Committee, a Valuation Date occurs each day.

47. "Year of Service" means an Employee shall be credited with a Year of Service for each Plan Year (including the Plan Year commencing September 1, 1984, and ending December 31, 1984) in which he is employed by the County and is a Participant in the Plan or in the Horizons Plan.

5.26.030 Construction.

A. Unless the context otherwise indicates, the masculine wherever used herein shall include the feminine and neuter, the singular shall include the plural and words such as "herein," "hereof," "hereby," "hereunder," and words of similar import refer to the Plan as a whole and not to any particular part thereof.

B. Where headings have been supplied to portions of the Plan they have been supplied for convenience only and are not to be taken as limiting or extending the meaning of any of its provisions.

C. Wherever the word "person" appears in the Plan, it shall refer to both natural and legal persons.

D. Except to the extent federal law controls, the Plan shall be governed, construed and administered according to the laws of the State of California. All persons accepting or claiming benefits under the Plan shall be bound by and deemed to consent to its provisions.

5.26.033 Trial Court Entities.

Generally effective January 1, 2001, the Trial Court Act recognizes the Trial Court Entities as separate, successor employers for certain purposes, and provides that, if permitted by federal law, Trial Court Employees shall continue to be eligible to receive deferred compensation benefits under the Plan unless otherwise elected by their respective Trial Court Entities. Accordingly, if Trial Court Employees participate in the Plan on and after January 1, 2001, then, on and after that date, any Compensation Deferral Agreements in effect for such Trial Court Employees shall be deemed to be made under a separate cash or deferred arrangement with the Trial Court Entity that employs them, and any County Contributions made to the Plan on behalf of such Trial Court Employees shall be paid out of the budget of their respective Trial Court Entity.

5.26.035 Limitation on Compensation and Eligible Earnings.

A. For Plan Years beginning before January 1, 2002 and notwithstanding any provision in the Plan to the contrary or any other law, for any Eligible Employee who becomes a Participant in this Plan on or after January 1, 1996, the annual Compensation, and Eligible Earnings taken into account for all purposes under the Plan shall be limited to \$150,000.00 as adjusted for the calendar year to reflect increases in the cost-of-living in accordance with Code Sections 401(a)(17)(B) and 415(d).

B. For Plan Years beginning on or after January 1, 2002 and notwithstanding any provision in the Plan to the contrary or any other law, for any Eligible Employee who becomes a Participant in this Plan on or after January 1, 1996, the annual Compensation, and Eligible Earnings taken into account for all purposes under the Plan shall be limited to \$200,000.00 as adjusted for the calendar year to reflect increases in the cost-of-living in accordance with Code Sections 401(a)(17)(B) and 415(d).

Part 2

PARTICIPATION

Sections:

- 5.26.040 Commencement of participation.
- 5.26.050 Duration of participation.
- 5.26.055 Leased Employees.

5.26.040 Commencement of participation.

An Eligible Employee may become a Participant by entering into a Compensation Deferral Agreement or, effective as of January 1, 2002, a Salary Deduction Agreement before an Entry Date. Such an Eligible Employee's participation shall become effective with respect to Eligible Earnings payable for services rendered to the County on and after the next Entry Date following the date the Compensation Deferral Agreement or Salary Deduction Agreement is entered into.

5.26.050 Duration of participation.

An Employee or former Employee shall remain a Participant so long as (1) he is an Eligible Employee covered by a Compensation Deferral Agreement or Salary Deduction Agreement, or (2) a portion of the Investment Fund is credited to his Account and held for his benefit by the Trustee. However, a Participant who ceases to be an Eligible Employee who is covered by a Compensation Deferral Agreement or a Salary Deduction Agreement may have no County Contributions made for him until he again commences participation pursuant to Section 5.26.040.

5.26.055 Leased Employees.

A. Inclusion as Employee. A Leased Employee shall be treated as an Employee only for the purposes of the plan qualification requirements listed in Code Section 414(n)(3).

B. Exception. Subsection A shall not apply to any Leased Employees if the safe harbor set forth in Code Section 414(n)(5) applies.

Part 3

TAX DEFERRED CONTRIBUTIONS

Sections:

- 5.26.060 Tax Deferred Contributions.
- 5.26.065 After-Tax Contributions.
- 5.26.070 Payments to Trustee.
- 5.26.080 Changes in Tax Deferred Contributions or After-Tax Contributions.
- 5.26.090 Suspension of Tax Deferred Contributions or After-Tax Contributions.
- 5.26.100 Dollar limitations.

5.26.060 Tax Deferred Contributions.

A. Subject to the limitations contained in Sections 5.26.100A, B or C, 5.26.160 and 5.26.170, a Participant may, pursuant to a Compensation Deferral Agreement, have the County contribute to the Plan a percentage or dollar amount of his Eligible Earnings during any Plan Year.

B. Effective as of January 1, 2002, a Participant who has attained the age of 50 or older before the close of any Plan Year and is eligible to make Tax Deferred Contributions under the Plan shall be eligible to have the County make Catch-Up Contributions to the Plan from his or her Eligible Earnings during such Plan Year in excess of the Code limitations set forth in Section 5.26.100B., Section 5.26.160 or comparable limitations or restrictions contained in the terms of this Plan, provided, however, that such Catch-Up Contributions may not exceed the limitations contained in Section 5.26.100E. A participant who has elected to be subject to Section 5.26.100C (or is treated as having so elected) shall not be eligible to have the County make a Catch-Up Contribution on his or her behalf.

5.26.065 After-Tax Contributions.

Subject to the limitations contained in Sections 5.26.160, effective as of January 1, 2002, a Participant may, pursuant to a Salary Deduction Agreement, have the County deduct from his Eligible Earnings and contribute to the Plan a percentage or dollar amount of his Eligible Earnings during any Plan Year.

5.26.070 Payments to Trustee.

Each Participant's Eligible Earnings shall be reduced each pay date pursuant to his authorization on a Compensation Deferral Agreement and Salary Deduction Agreement (if any) and the resulting Tax Deferred Contributions and After-Tax Contributions shall be transmitted by the County to the Trustee and credited to the Participant's Account within a period that is not longer than is reasonable for the proper administration of the accounts of Participants, but in no event later than the 15th business day of the month following the month in which the Participant's Tax Deferred Contributions or After-Tax Contributions otherwise would have been payable to such Participant in cash.

5.26.080 Changes in Tax Deferred Contributions, or After-Tax Contributions.

The percentage or dollar amount designated by a Participant pursuant to Sections 5.26.060 and 5.26.065 shall continue in effect, notwithstanding any changes in the Participant's Eligible Earnings. A Participant may, however, in accordance with Section 5.26.060 or Section 5.26.065 as applicable, change the percentage or dollar amount of the Tax Deferred Contributions or After-Tax Contributions that are being made for him once each month by giving prior written notice of such change to the Administrative Committee, in accordance with procedures established by the Administrative Committee, effective with respect to Eligible Earnings payable for services rendered to the County on and after the Entry Date following the date such notice is filed.

5.26.090 Suspension of Tax Deferred Contributions or After-Tax Contributions.

By giving prior written notice thereof to the Administrative Committee in accordance with procedures established by the Administrative Committee, a Participant may suspend the Tax Deferred Contributions or After-Tax Contributions that are being made for him at any time effective with respect to Eligible Earnings payable for services rendered to the County on or after the Entry Date following the date such notice is filed. A Participant who has suspended the Tax Deferred Contributions or After-Tax Contributions that were being made for him may again have such contributions made for him by giving prior written notice of such change to the Administrative Committee in accordance with procedures established by the Administrative Committee (which procedures may include, at the sole discretion of the Administrative Committee, the filing of a new Compensation Deferral Agreement or Salary Deduction Agreement, as applicable, with the Administrative Committee in accordance with Section 5.26.040), effective with respect to Eligible Earnings payable for services rendered to the County on and after the Entry Date following the date such notice is filed.

5.26.100 Dollar limitations.

A. For calendar years beginning prior to January 1, 2002, and notwithstanding any other provision of the Plan, the amount of the Tax Deferred Contributions pursuant to a Participant's Compensation Deferral Agreement for any calendar year shall not exceed \$7,000.00 adjusted for the calendar year to reflect the increases in cost-of-living in accordance with Code Sections 402(g) and 415(d) (the "Deferral Limit"); provided, however, that if the Participant also participates in the Horizons Plan, then a combined Deferral Limit of \$7,500.00 (as adjusted for the calendar year to reflect increases in the cost-of-living in accordance with Code Sections 457(e)(15) and 415(d)) applies to the aggregate for the Plan Year of the Participant's Tax Deferred Contributions under this Plan and the Participant's contributions (both "Deferred Compensation Contributions" and "Matching Contributions") under the Horizons Plan.

B. For calendar years beginning on or after January 1, 2002, the amount of Tax Deferred Contributions pursuant to a Participant's Compensation Deferral Agreement for any calendar year shall not exceed the following applicable dollar amounts: (a) \$11,000 in

2002, (b) \$12,000 in 2003, (c) \$13,000 in 2004, (d) \$14,000 in 2005, and (e) \$15,000 in 2006 and thereafter. For Plan Years beginning on or after January 1, 2007, the \$15,000 applicable dollar limit shall be adjusted for the calendar year to reflect the increases in cost-of-living in accordance with Code Sections 402(g)(4) and 415(d). The dollar limits set out in this Section 5.26.100B constitute the "Deferral Limits" for such applicable calendar year. Catch-Up Contributions made pursuant to Section 5.26.060B and Code Section 414(v) are not taken into consideration for purposes of determining the Deferral Limit for a calendar year. This Subsection B shall not apply to any Participant who elects, pursuant to a Compensation Deferral Agreement or in accordance with the procedures of Sections 5.26.080 or 5.26.090, to be subject to the Combined Limit as defined in Subsection C of this Section 5.26.100 or is treated as having so elected pursuant to 5.26.100C.

C. For calendar years beginning on or after January 1, 2002, any Participant who also participates in the Horizons Plan and elects to be covered by this Subsection C (or is treated as having so elected) shall be subject to the following combined limit: The combined Deferral Limit as determined under Section 5.26.100A for the 2001 calendar year shall apply to the aggregate for the calendar year of the Participant's Tax Deferred Contributions under this Plan and the Participant's contributions (both "Deferred Compensation Contributions" and "Matching Contributions") under the Horizons Plan. The dollar limits provided for in this Section 5.26.100C constitute the "Combined Limit" for such applicable calendar year. Any Participant who elects to be covered by this Subsection C (or is treated as having so elected) will be precluded from making any catch-up contributions under Code Section 414(v) to this Plan or Horizons for such calendar year. This Subsection C shall not apply to any Participant who elects, pursuant to a Compensation Deferral Agreement, or in accordance with the procedures of Sections 5.26.080 or 5.26.090, to be subject to the Deferral Limit under Subsection B of this Section 5.26.100. Any Participant who as of December 31, 2001 also participated in Horizons shall be treated as having elected to be covered by the Combined Limit under Section 5.26.100C until such time as the Participant elects, in accordance with the procedures of Sections 5.26.080 and 5.26.090, to be subject to the Deferral Limits under Section 5.26.100B.

D. If, for any calendar year, the amount of the Tax Deferred Contributions pursuant to a Participant's Compensation Deferral Agreement does exceed the Deferral Limit, the excess amount of such Tax Deferred Contributions (and any earnings thereon calculated from the date contributed to the Plan to the date distributed) shall be distributed to the Participant in cash no later than April 15th of the next following calendar year.

E. For calendar years beginning on or after January 1, 2002, the amount of Tax Deferred Contributions treated as Catch-Up Contributions for any calendar year shall not exceed the lesser of (a) the following applicable dollar amounts: (1) \$1,000 in 2002, (2) \$2,000 in 2003, (3) \$3,000 in 2004, (4) \$4,000 in 2005, and (5) \$5,000 in 2006 and thereafter; or (b) the excess, if any, of the Participant's 415 Compensation over any other elective deferrals made by the Participant for such year (other than catch-up contributions made pursuant to Code Section 414(v)). For Plan Years beginning on or after January 1, 2007, the \$5,000 applicable dollar limit shall be adjusted for the calendar year to reflect the increases in cost-of-living in accordance with Code Sections 414(v) and 415(d).

Part 4

MATCHING CONTRIBUTIONS

Sections:

- 5.26.110 Amount of Matching Contributions.
- 5.26.120 Payments to Trustee.
- 5.26.130 Allocation of Matching Contributions.
- 5.26.140 Reduction of Matching Contributions.
- 5.26.150 Return of Contributions to County.
- 5.26.160 Provision pursuant to Code Section 415(c).
- 5.26.170 Provision pursuant to Code Section 415(e).

5.26.110 Amount of Matching Contributions.

A. Subject to the provisions of the Plan and the Trust Agreement, the County shall contribute to the Investment Funds on account each month an amount equal to four percent (4%) of each Participant's monthly Compensation provided that the year-to-date cumulative Matching Contributions do not exceed such Participant's year-to-date cumulative Tax Deferred Contributions.

B. Notwithstanding any other provision of this Plan or the Horizons Plan, including the limitation in Subsection A, for Plan Years beginning before January 1, 2002, when a Participant of this Plan who is also a participant of the Horizons Plan makes the maximum tax deferred contributions permitted by the Code to both plans during a Plan Year, such Participant shall be entitled to have contributed as additional Matching Contributions to this Plan the difference between (1) the total Matching Contributions that would have been made to both plans for such Participant, but for the applicable Deferral Limit described in Section 5.26.100A., and (2) the total Matching Contributions actually made to both plans, provided that the total contributions to this Plan shall not exceed the total contributions allowed by Section 415 of the Code.

C. Notwithstanding any other provision of this Plan, including the limitation in Subsection A, when a Participant of this Plan, who makes no contributions to the Horizons Plan during a Plan Year, makes the maximum Tax Deferred Contributions permitted by the Code to this Plan during the same Plan Year, such Participant shall be entitled to have contributed as additional Matching Contributions to this Plan the difference between (1) the total Matching Contributions that would have been made for such Participant to this Plan, but for the applicable Deferral Limit described in Section 5.26.100A or B, and (2) the total Matching Contributions actually made to this Plan, provided that the total contributions to this Plan shall not exceed the total contributions allowed by Section 415 of the Code.

D. Notwithstanding any other provision of this Plan or the Horizons Plan, including the limitation in Subsection A, for Plan Years beginning on or after January 1, 2002, when a Participant of this Plan who is also a participant of the Horizons Plan has elected to be covered by Section 5.26.100B and makes the maximum tax deferred contributions permitted by the Code under both plans, such Participant shall be entitled to have contributed as additional Matching Contributions to this Plan the difference between (1) the total Matching Contributions that would have been made to both plans for such Participant, but for the applicable limitation under Code Section 457(c) and the Deferral Limit described in Section 5.26.100B, and (2) the total Matching Contributions actually made to both plans, provided that the total Tax Deferred Contributions and Matching Contributions to this Plan shall not exceed the total contributions allowed by Section 415 of the Code.

E. Notwithstanding any other provision of this Plan or the Horizons Plan, including the limitation in Subsection A, for Plan Years beginning on or after January 1, 2002, when a Participant of this Plan who is also a participant in the Horizons Plan has elected to be covered by Section 5.26.100C (or is treated as having so elected) and makes tax deferred contributions to both plans equal to the Combined Limit under this Plan, such Participant shall be entitled to have contributed as additional Matching Contributions to this Plan the difference between (1) the total Matching Contributions that would have been made to both plans for such Participant, but for the Combined Limit described in Section 5.26.100C, and (2) the total Matching Contributions actually made to both plans, provided that the total Tax Deferred Contributions and Matching Contributions to this Plan shall not exceed the total contributions allowed by Section 415 of the Code.

5.26.120 Payments to Trustee.

Matching Contributions shall be paid to the Trustee in cash at least monthly and shall be based upon the amount of Tax Deferred Contributions made during the month for which such Matching Contributions are made. Any other provision herein to the contrary notwithstanding, if it appears to the Administrative Committee that the County will not be able to make Matching Contributions for a Plan Year or any part thereof because it appears there will not be sufficient Net Revenues, the County shall cease making Matching Contributions for such Plan Year on a monthly basis and shall make Matching Contributions, if any, within 30 days after the amount, if any, of Net Revenues for such Plan Year is determined.

If the amount of Matching Contributions for a Plan Year exceeds the amount which may be contributed to the Plan in accordance with Section 5.26.110 (except in the case of a mistake of fact covered by Section 5.26.150B), to the extent permitted by applicable law, such excess Matching Contributions shall be forfeited, placed in a suspense account and applied in accordance with Section 5.26.338.

5.26.130 Allocation of Matching Contributions.

Matching Contributions shall be allocated and credited each month to the Matching Contributions Account of each Participant for whom Tax Deferred Contributions are made during such month, with each such Participant receiving a portion of the Matching

Contributions equal to the amount calculated according to the provisions of Section 5.26.110. In the event that Matching Contributions are insufficient to provide each Participant with his fully allocated portion as provided in the preceding sentence, the Matching Contributions that are made shall be allocated proportionally to the Matching Contributions Account of each Participant in a manner consistent with such sentence.

5.26.140 Reduction of Matching Contributions.

The amount of Matching Contributions determined to be payable to the Investment Funds pursuant to this Part 4 shall be reduced first in accordance with the provisions of Section 5.26.160C (with respect to amounts held in a suspense account) and then in accordance with Section 5.26.338.

5.26.150 Return of Contributions to County.

A. Except as provided in subsection B of this Section 5.26.150 or in Section 5.26.120, 5.26.140 or 5.26.540, the Investment Funds shall never inure to the benefit of the County and shall be held for the exclusive purpose of providing benefits to Participants and their Beneficiaries and defraying reasonable expenses of administering the Plan.

B. If any County Contribution is made by the County due to a mistake of fact, such contribution (but not the earnings thereon) shall, to the extent permitted by applicable law, at the direction of the Administrative Committee, be returned to the County within one year after it is made; if such contribution constituted a Tax Deferred Contribution or Rollover Contribution, it shall thereafter be returned to the Participant to the extent permitted by applicable law. Additionally, if the Plan, or a portion thereof, is determined by the Internal Revenue Service not to satisfy the requirements of Code Sections 401(a) and 401(k) for a qualified governmental plan containing a cash or deferred arrangement, any County Contributions attributable to that portion of the Plan that is determined to not be so qualified, and attributable to the period for which it is determined to not be so qualified, shall, at the direction of the Administrative Committee, be returned to the County.

5.26.160 Provision pursuant to Code Section 415(c).

A. Definitions. For the purposes of this Section 5.26.160 and Section 5.26.170, the following definitions apply:

1. "Annual Addition" means the sum of the following amounts: (a) all contributions made by the County that are allocated to a Participant's account under a qualified defined contribution plan maintained by the County, (b) all contributions made by the Participant to a qualified defined contribution plan maintained by the County, (c) all forfeitures allocated to a Participant's account under a qualified defined contribution plan maintained by the County, and (d) any amount allocated to an individual medical benefit account (as defined in Code Section 415(l)(2)) of a Participant that is part of a pension or annuity plan maintained by the County (except that the 25 percent of 415 Compensation limit, or, for Limitation Years beginning on or after January 1, 2002, the 100 percent of 415 Compensation limit, does not apply to such an individual medical benefit account).

2. "County" means any entity the employees of which, together with employees of the County, are required to be treated as if they were employed by a single employer under Code Section 414(b), (c), (m) or (o) (taking into account any adjustment made pursuant to Code Section 415(h)), and any entity whose employees are treated as employees of the County under Code Section 414(n).

3. "Limitation Year" means the twelve consecutive month period used by a qualified plan for the purposes of computing the limitations on benefits and annual additions under Code Section 415. The Limitation Year for this Plan is the Plan Year.

B. Limit on Contributions. Notwithstanding any other provisions of the Plan for Limitation Years beginning before January 1, 2002, the Annual Addition for a Participant for any Limitation Year shall in no event exceed the lesser of (a) \$30,000.00 or such higher adjusted amount as shall be prescribed by the Secretary of the Treasury pursuant to Code Section 415(d) to reflect increases in the cost of living, or (b) 25 percent of the Participant's 415 Compensation during the Plan Year. For Limitation Years beginning on or after January 1, 2002, except to the extent permitted under Section 5.26.060B regarding Catch-Up Contributions and Code Section 414(v), the Annual Addition for a Participant for any Limitation Year shall not exceed the lesser of (y) \$40,000, as adjusted for increases in the cost-of-living under Code Section 415(d), or (z) 100 percent of the Participant's 415 Compensation for the Plan Year.

C. Excess Annual Additions. If a Participant's Annual Additions would exceed the limitations of Subsection B for a Limitation Year, After-Tax Contributions (if any) made by the Participant for such Plan Year (together with any gains attributable thereto) shall be returned to him to the extent necessary to satisfy the limitations of Subsection B. If return of such After-Tax Contributions is insufficient to cause the limitations of Subsection B to be satisfied, Matching Contributions allocable to such Participant's Account for such Limitation Year shall, to the extent necessary to cause the limitation in Subsection B to be satisfied, be held in a suspense account and used to reduce Matching Contributions for the next Limitation Year for that Participant if such Participant is covered by the Plan at the end of such Limitation Year; and if he is not covered by the Plan at the end of any such Limitation Year, the Matching Contributions held in the suspense account shall be allocated and reallocated pro rata (based on each Participant's Eligible Earnings) to the Accounts of other Participants, except that such allocation or reallocation shall not cause the limitations of Subsection B to be exceeded for any other Participant for any other Limitation Year. Investment gains and losses shall not be allocated to the suspense account during the period such suspense account is required to be maintained. In the event of the termination of this Plan while there exists a balance in the suspense account, to the extent such balance cannot be allocated to Participant's Accounts without violating the limitations of this Section, such balance shall revert to the County. If the allocation of Matching Contributions to the suspense account as described herein is not sufficient to cause the limitations of Subsection B to be satisfied, Tax Deferred Contributions (other than Catch-Up Contributions) made for such Participant for such Limitation Year (together with gains attributable thereto) shall be returned to him to the extent necessary to satisfy the limitations under Subsection B. In the event a reduction is necessary to satisfy Subsection

B, and the Participant participates in two or more defined contribution plans maintained by the County, the excess amount to be reduced will be deemed to consist of the Annual Addition last allocated. If an excess amount was allocated to a Participant on an allocation date of this Plan that coincides with an allocation date of another plan, the excess amount attributed to this Plan (to be reduced as provided above) will be the product of (1) the total excess amount allocated as of such date, and (2) the ratio of the Annual Addition allocated to the Participation for the Limitation Year under this Plan to the total Annual Additions allocated to the Participant for the Limitation Year for this and all other qualified defined contribution plans.

D. Aggregation of Plans. For the purposes of applying the limitations set forth in this Section 5.26.160 and Section 5.26.170, all qualified defined benefit plans (whether or not terminated) ever maintained by the County shall be treated as one defined benefit plan, and all qualified defined contribution plans (whether or not terminated) ever maintained by the County shall be treated as one defined contribution plan.

5.26.170 Provision pursuant to Code Section 415(e).

Notwithstanding any other provision of the Plan, in the case of a Participant who is also a participant in any defined benefit plan qualified under Code Section 401(a), whether or not terminated, maintained by the County, the sum of the defined contribution plan fraction (as determined under Code Section 415(e)(3)) and the defined benefit plan fraction (as determined under Code Section 415(e)(2)) for any Limitation Year (as defined in Section 5.26.160A) shall in no event exceed 1.0. In the event a reduction is necessary to avoid exceeding the limitation set forth in this section, the affected Participant's Annual Additions (as defined in Section 5.26.160A) under this Plan shall be reduced to the extent necessary to avoid exceeding such limitation in accordance with the procedures set forth in Section 5.26.160C. This Section 5.26.170 shall be inapplicable for Plan Years beginning on and after January 1, 2000.

Part 5

INVESTMENTS

Sections:

- 5.26.180 Investment of funds.
- 5.26.190 Account.
- 5.26.200 Investment of contributions.
- 5.26.210 Trust Fund allocation and valuation.

5.26.180 Investment of funds.

A. County Contributions shall be allocated to the Investment Funds as specified under Sections 5.26.200 and 5.26.210. Subject to the other applicable provisions of the Plan and the Trust Agreement, the Trustee shall hold, manage, administer, value, invest, reinvest,

account for and otherwise deal with each Investment Fund separately. The Trustee or Investment Manager shall invest and reinvest the principal and income of each Fund and shall keep each such Fund invested, without distinction between principal and income, in such property, investments and securities as the Investment Manager for such Fund may deem to be suitable and in accordance with the requirements for such fund specified by the Administrative Committee upon its creation.

B. Dividends, interest and other distributions received in respect of each Investment Fund shall be reinvested in the same fund in accordance with the provisions of the Trust Agreement.

C. The Trustee, in its sole discretion, may keep such portion of each Investment Fund in cash or cash equivalents either pending the selection and purchase of suitable investments under such Fund or as the Trustee may from time to time deem to be necessary or advisable to maintain sufficient liquidity to meet the obligations of the Plan or for other reasons.

5.26.190 Account.

Each Participant shall have established for him a Tax Deferred Contributions Account, an After-Tax Contributions Account, a Rollover Contributions Account and a Matching Contributions Account to reflect the Tax Deferred Contributions, After-Tax Contributions, Rollover Contributions and Matching Contributions, respectively, that are made for him. On or after January 1, 2002, the Administrative Committee in its discretion may establish a separate account or subaccount under the Plan for any Catch-Up Contributions for each Participant eligible to make such contributions. Separate records shall be maintained for each such Account showing the portion of such Account invested in each Investment Fund and showing the amount of contributions to each such Account, payments and withdrawals therefrom and the amount of income, expenses, gains and losses attributable thereto. Collectively, such Accounts are referred to herein as a Participant's Account and the interest of each Participant hereunder at any time shall consist of his Account balance (as determined in Section 5.26.210) as of the last preceding Valuation Date plus credits and minus debits to such Account since that Valuation Date.

5.26.200 Investment of contributions.

A. Investment by Participants.

1. Each Participant may instruct the Trustee or TPA, as applicable, to allocate his Tax Deferred Contributions, After-Tax Contributions, Rollover Contributions and, if his Matching Contribution Account is 100 percent vested and nonforfeitable under Section 5.26.250, Matching Contributions (collectively, "Contributions") among the Investment Funds. A Participant may change the allocation of future Contributions and may transfer past Contributions, adjusted for earnings, gains and losses, and applicable Plan charges, if any, from one Investment Fund to another. A Participant may make investment elections and changes at the time and manner prescribed by procedures established from time to time by the Administrative Committee.

2. In addition, effective October 1, 1999, each Participant likewise may instruct the Trustee or TPA, as applicable, to allocate among the Investment Funds the portion of his or her Matching Contribution Account that is vested and nonforfeitable in accordance with Section 5.26.200 A1.

B. Investment by Administrative Committee. Plan assets that are not invested pursuant to Participant instructions under Section 5.26.200A, including but not limited to Plan assets for which no Participant investment instructions are received, nonvested Matching Contributions that are not subject to Participant instructions under Section 5.26.200A, forfeiture accounts, accumulated fees and unallocated Plan earnings, shall be invested by the Trustee as instructed by the Administrative Committee in one or more Investment Funds as the Administrative Committee in its discretion may determine.

5.26.210 Trust Fund allocation and valuation.

A. Allocation.

1. Except as may otherwise be provided by the Administrative Committee, the assets credited to each Participant's Accounts shall be allocated among the Investment Funds in accordance with the investment option or options chosen by such Participant or the Administrative Committee, as the case may be, effective no later than the first business day following the business day on which the Trustee or its Agent has received appropriate instructions, or such later date as is commercially reasonable under the circumstances.

2. As of each Valuation Date, the net gain or loss of each Investment Fund, determined in accordance with Section 5.26.210B below, shall be allocated by the Trustee or its Agent in accordance with the instructions received by the Trustee from the TPA to the Accounts of Participants in such Investment Funds in proportion to the amounts of such Accounts invested in such Investment Fund on such Valuation Date, exclusive of amounts to be credited but including amounts (other than the net loss, if any, determined pursuant to Section 5.26.210B) to be debited to such Accounts as of such Valuation Date.

B. Valuation.

1. As of the close of business each Valuation Date, the TPA shall determine or cause to be determined the value of each Investment Fund. The TPA may rely on net asset value calculations, book values and other data with respect to the value of Plan assets held in the Investment Funds furnished to it by the Administrative Committee, Investment Managers, the County Treasurer, custodians or other entities authorized to provide valuation data. The TPA shall communicate such valuation to the Trustee. The TPA shall be responsible for monthly reconciliation of its records with the records of the third-parties from which it receives valuation data.

2. Each such valuation shall be made on the basis of the net gain or loss to each such Investment Fund between the current Valuation Date and the last preceding Valuation Date. The net gain or loss of an Investment Fund shall include realized and unrealized earnings, interest income, dividends actually paid and other income of such Fund during such period, and shall be reduced by expenses paid, if any, that are to be charged to such Investment Fund in accordance with the terms of the Plan and the Trust Agreement. The transfer of funds to or from an Investment Fund, the allocation of Tax Deferred

Part 6

DISTRIBUTIONS AND WITHDRAWALS

Sections:

- 5.26.240 Distributions only as provided.
- 5.26.250 Nonforfeitable.
- 5.26.260 Distributions on retirement or disability.
- 5.26.270 Distributions On Death.
- 5.26.280 Distributions of vested interest.
- 5.26.290 Time of distribution.
- 5.26.300 Withdrawal of contributions.
- 5.26.310 Loans to Participants.
- 5.26.320 Order of distributions.
- 5.26.330 Small Accounts.
- 5.26.335 Lost Participants.
- 5.26.338 Application of forfeitures.

5.26.240 Distributions only as provided.

A Participant or Beneficiary shall only be paid vested benefits under the Plan as provided in this and the following sections of this part. A Participant or Beneficiary who is eligible to receive a distribution under the Plan shall submit an application for benefits to the Administrative Committee, furnishing such information as the Administrative Committee or its duly authorized agent may require.

5.26.250 Nonforfeitable.

Any amount credited to a Participant's Tax Deferred Contributions Account, Catch-Up Contributions Account (if any), After-Tax Contribution Account and Rollover Contribution Account shall be nonforfeitable and fully vested. Any amount credited to a Participant's Matching Contributions Account shall vest and become nonforfeitable at the rate of 20 percent for each Year of Service completed by such Participant.

5.26.260 Distributions on retirement or disability.

A. Notwithstanding the provisions of Section 5.26.250, the entire Account of a Participant whose employment with the County terminates after he is age 70 or qualified for a service retirement benefit under the County Employees Retirement Law of 1937, as amended, if earlier, or whose employment with the County terminates because of Disability, shall be nonforfeitable and fully vested. Such Account shall be paid to the Participant or his Beneficiary, in cash, in accordance with one of the following methods as the Participant determines:

Contributions, After-Tax Contributions, Rollover Contributions and Matching Contributions, and payments, distributions and withdrawals from an Investment Fund to provide benefits under the Plan for Participants or Beneficiaries shall not be deemed to be income, expenses or losses of the Investment Fund. A similar valuation shall be made at any other time the TPA, Administrative Committee or its Agent deems it appropriate to make such a valuation.

3. Notwithstanding the foregoing, the Administrative Committee or its Agent may, in accordance with applicable requirements of applicable law, instruct the TPA to (a) adopt such accounting procedures as the Administrative Committee or its Agent considers appropriate, reasonable and equitable to establish a proportionate crediting of net gain or loss of an Investment Fund and of Contributions made to an Investment Fund as of each Valuation Date, and (b) adopt such other valuation procedures as the Administrative Committee or its Agent considers appropriate, reasonable and equitable to determine the value of the Investment Funds. Subject to the TPA's rights and duties under the contract between it and the County, the reasonable and equitable decision of the TPA as to the value of each Investment Fund as of each Valuation Date shall be conclusive and binding upon all Participants and Beneficiaries having any interest, direct or indirect, in such Investment Fund.

C. No Guarantee Against Loss. The County, the Board, the Administrative Committee, the TPA and the Trustee do not guarantee in any manner the Investment Funds or any part thereof against loss or depreciation. All persons having an interest in the Investment Funds shall look solely to such Funds for payment with respect to such interest. The County, the Board, the Administrative Committee, the TPA and the Trustee are not authorized to advise a Participant as to that Participant's selection of Investment Funds, and the fact that designated Investment Funds are available to Participants for investment shall not be construed as a recommendation for the investment of contributions hereunder in all or any of such Funds. The selection of an Investment Fund by a Participant is his or her sole responsibility and shall constitute an exercise of control over the assets of his or her Investment Accounts. In accordance with California Government Code Section 53213.5, each Participant who so exercises control shall, by such exercise, release and agree, on his or her behalf and on behalf of his or her heirs and beneficiaries, to indemnify and hold harmless the County, the Board, the Administrative Committee, the TPA, the Trustee and any Agent, officer or employee of any of them, from and against any claim, demand, loss, liability, costs or expense (including reasonable attorneys' fees) caused by or arising out of such exercise, including without limitation any diminution in value or losses incurred from such exercise.

1. A lump-sum payment; or
2. Equal monthly, quarterly or annual installments not extending over more than 15 years; or
3. Consecutive periodic payments for the life of the Participant or for the lives of the Participant and his spouse and the last survivor of them; or
4. A combination of the methods of payment described in subsections A1, 2 and 3 of this section.

B. All distributions hereunder shall be made on or begun as soon as administratively practicable after the Participant's application is filed pursuant to Section 5.26.240 and approved by the Administrative Committee. For purposes of a distribution, the date that such Participant's interest in an Investment Fund is liquidated or redeemed, partially or in full, to satisfy the distribution application shall be the applicable Valuation Date.

5.26.270 Distributions On Death.

A. Notwithstanding the provisions of Section 5.26.250, if a Participant dies prior to terminating his employment with the County, his entire Account shall be nonforfeitable and fully vested. Such Account shall be paid by the Trustee to the Participant's Beneficiary after the Trustee is notified by the Administrative Committee of the Participant's death.

B. A Participant shall have the right to designate that after his death his Account shall be paid to or for his Beneficiary in accordance with one of the methods set forth in subsection A of Section 5.26.260. Any designation by a Participant of the method of payment of death benefits hereunder may be made, changed or revoked by the Participant in writing in a form prescribed by the Administrative Committee and filed with the Administrative Committee prior to the Participant's death.

C. If a Participant does not expressly designate the method of distribution of his Account, or if such designation is for any reason not effective, such Account shall be paid to or for the Beneficiary in accordance with one of the methods set forth in subsection A of Section 5.26.260 as such Beneficiary, in his or her discretion, shall determine and designate to the Administrative Committee.

5.26.280 Distributions of vested interest.

A. A Participant whose employment with the County terminates for any reason other than the reasons specified in Section 5.26.260 or 5.26.270 shall receive his entire Tax Deferred Contributions Account, Catch-Up Contribution Account (if any), After-Tax Contributions Account (if any), Rollover Contributions Account (if any) and the portion of his Matching Contributions Account in which he is vested in accordance with Section 5.26.250. The portion of his Matching Contribution Account which is not so vested shall be immediately forfeited. If a Participant forfeits a portion of his Account and he is later rehired by the County, his employment with the County or participation in the Plan after such rehire shall have no effect on the amount of the forfeiture. If such a rehired Participant subsequently becomes party to another Compensation Deferral Agreement, any Matching Contributions thereafter made by the County and any earnings and investment gains or losses allocable thereto shall be credited to a separate Matching Contributions Account

maintained for such Participant and shall vest as provided herein without regard to any Year of Service prior to his rehire.

B. Amounts distributed pursuant to subsection A of this Section 5.26.280 shall be paid in accordance with one of the methods set forth in subsection A of Section 5.26.260 as selected by the Participant.

5.26.290 Time of distribution.

A. Generally. Notwithstanding any other provision hereof to the contrary, distributions under the Plan shall be made in accordance with Code Section 401(a)(9) (including Section 401(a)(9)(G)) and the Treasury Regulations promulgated thereunder (including Section 1.401(a)(9)-2); provided, however, that such provisions shall override the other distribution provisions of the Plan only to the extent that such other Plan provisions provide for a distribution that is less rapid or of a lesser amount than required under such provisions of the Code and Regulations. Nothing contained in this Section 2.26.290 shall be construed as providing an optional form of payment that is not available under the other distribution provisions of Sections 5.26.260-280.

B. General Rule. The entire interest of each Participant under the Plan:

1. Either will be distributed to him not later than his taxable year in which he attains age 70 1/2 or in his taxable year in which he retires from County service, whichever is the later (his "Required Beginning Date"); or

2. Will be distributed, commencing not later than his Required Beginning Date, (a) in accordance with regulations prescribed by the Secretary of the Treasury, over the life of such Participant or over the lives of such Participant and his designated Beneficiary, or (b) in accordance with such regulations, over a period not extending beyond the life expectancy of such Participant or the life expectancy of such Participant and his designated Beneficiary.

C. Distributions Upon Death of a Participant. Upon the death of a Participant, the following distribution provisions will apply to limit the Beneficiary's ability to delay distributions.

1. If the Participant dies after distribution of his benefit has begun, the remaining portion of his benefit will continue to be distributed at least as rapidly as under the method of distribution being used prior to the Participant's death.

2. If the Participant dies before distribution of his benefit has begun, his entire benefit will be distributed no later than five years after his death, unless an individual who is a designated Beneficiary elects to receive distributions in substantially equal installments over the Beneficiary's life or over a period not extending beyond the life expectancy of the Beneficiary (and, if the Beneficiary is not the Participant's spouse, not extending beyond 15 years in accordance with the distribution options available under Sections 5.26.260 and 5.26.270) beginning no later than December 31 of the calendar year following the calendar year in which the Participant died. If the designated Beneficiary is the Participant's surviving spouse, the date distributions are required to begin is the later of December 31 of the calendar year following the calendar year in which the Participant died or December 31 of the calendar year in which such Participant would have attained age 70-1/2. If the

spouse dies before such payments begin, subsequent distributions will be made as if the spouse had been the Participant.

3. Generally, distributions will be treated as having begun to the Participant for the purposes of this Section 5.26.290 on the employee's Required Beginning Date, even though payments may actually have been made before that date; provided, however, that if distributions irrevocably (except for acceleration) commence to an employee under an annuity contract, distributions will be considered to have begun on the actual commencement date.

D. Recalculation of Life Expectancies. The Participant (or the Participant's spouse if the Participant dies before distributions have begun) may elect not to recalculate annually the life expectancy of the Participant and the Participant's spouse (other than in the case of a life annuity) in accordance with Code Section 401(a)(9)(D) and the Regulations thereunder. Such election must be made prior to the time of the first required distribution under Code Section 401(a)(9). If the Participant (or spouse if applicable) fails to make such election, life expectancies will be recalculated annually in accordance with the Regulations.

E. 2001 Proposed Regulations. With respect to distributions under the Plan made for calendar years beginning on or after January 1, 2001, the Plan will apply the minimum distribution requirements of Section 401(a)(9) of the Internal Revenue Code in accordance with the regulations under Section 401(a)(9) that were proposed on January 17, 2001, notwithstanding any provision of the Plan to the contrary. This amendment shall continue in effect until the end of the last calendar year beginning before the effective date of final regulations under Section 401(a)(9) or such other date as may be specified in guidance published by the Internal Revenue Service.

5.26.300 Withdrawal of contributions.

Upon not less than 30 days prior written notice filed with the Administrative Committee, effective as of the Entry Date following notification of the Trustee and Investment Manager by the Administrative Committee, a Participant who is an Employee may withdraw in cash all or a part of his Account balance as of the immediately preceding Valuation Date as provided and in the order set forth below. Except in cases of Hardship, a Participant may make only two withdrawals pursuant to this Section 5.26.300 per Plan Year.

A. A Participant may withdraw all or a part of his After-Tax Contributions Account (if any).

B. A Participant may withdraw all or a part of his Rollover Contributions Account (if any).

C. Participant may withdraw all or a part of his Matching Contributions Account in which he has a vested interest but a Participant may not make a withdrawal pursuant to this subsection unless he is either credited with at least 10 Years of Service or such withdrawal is made due to Hardship.

D. A Participant who has withdrawn his entire After-Tax Contributions Account (if any), his entire Rollover Contributions Account (if any) and his entire Matching Contributions Account (to the extent vested) may in addition withdraw all or a part of his

Tax Deferred Contributions Account (excluding any earnings credited to such Account on or after January 1, 1989), provided that the Participant has attained 59 1/2 or demonstrated to the Administrative Committee that he is suffering from Hardship. A withdrawal shall not be permitted for Hardship unless such withdrawal is on account of an immediate and heavy financial need of the Participant and is necessary to satisfy such financial need.

1. The determination of whether a Participant has an immediate and heavy financial need shall be made by the Administrative Committee on the basis of all relevant facts and circumstances. Nevertheless, a withdrawal shall be deemed to be made on account of an immediate and heavy financial need of a Participant if the withdrawal is on account of:

a. Medical expenses described in Section 213(d) of the Code incurred by the Participant, the Participant's spouse, or any of the Participant's dependents (as defined in Section 152 of the Code);

b. The purchase (excluding mortgage payments) of a principal residence of the Participant;

c. The payment of tuition for the next semester or quarter of post-secondary education for the Participant, the Participant's spouse, the Participant's children, or the Participant's dependents;

d. The need to prevent the eviction of the Participant from his principal residence or the foreclosure on the mortgage of the Participant's principal residence; or

e. Any other financial need which the Commissioner of Internal Revenue, through the publication of revenue rulings, notices, and other documents of general applicability, may from time to time designate as a deemed immediate and heavy financial need as provided in Section 1.401(k)-1(d)(2)(iii)(C) of the Treasury Regulations.

2. A withdrawal shall not be treated as necessary to satisfy an immediate and heavy financial need of a Participant to the extent the amount of the withdrawal exceeds the amount required to relieve the financial need or to the extent such need may be satisfied from other resources that are reasonably available to the Participant. The determination of whether the amount of a withdrawal is necessary to satisfy an immediate and heavy financial need shall be made by the Administrative Committee on the basis of all relevant facts and circumstances. Nevertheless, the amount of a withdrawal shall be deemed to be necessary to satisfy an immediate and heavy financial need of a Participant if: (a) the amount of the distribution is not in excess of the amount of the immediate and heavy financial need; (b) the Participant has obtained all distributions (other than hardship distributions) and nontaxable (at the time of the loan) loans available under the terms of this Plan or any other plan maintained by the County or any other employer of the Participant; and (c) the Participant irrevocably elects to suspend all elective contributions and employee contributions under this Plan (e.g., After-Tax Contributions and Tax Deferred Contributions) and all other plans of deferred compensation maintained by the County from the date on which the withdrawal is made until the close of the next following Plan Year. A Participant who withdraws Tax Deferred Contributions in 2001 on account of Hardship, shall be prohibited from making any elective contributions and employee contributions under this Plan (e.g., After-Tax Contributions and Tax Deferred Contributions) and all other plans of

deferred compensation maintained by the County until the close of the six-calendar-month period that began on the first day of the month following the date on which the withdrawal is made or January 1, 2002, if later. A Participant who withdraws Tax Deferred Contributions on or after January 1, 2002 on account of Hardship, shall be prohibited from making any elective contributions and employee contributions under this Plan (e.g., After-Tax Contributions and Tax Deferred Contributions) and all other plans of deferred compensation maintained by the County until the close of the six-calendar-month period that began on the first day of the month following the date on which the withdrawal is made.

5.26.310 Loans to Participants.

A. Upon application by a Participant, but subject to such uniform and nondiscriminatory rules as the Administrative Committee may establish and to the provisions of this section, effective January 1, 1986, the Administrative Committee may in its discretion direct the Trustee to make a loan or loans to a Participant from his separate account in the Participant Loan Fund in an amount not exceeding the excess of:

1. The lesser of:
 - a. \$50,000.00, reduced by the excess (if any) of:
 - (1) The highest outstanding balance of loans to such Participant from the Plan during the one-year period ending on the day before the date on which such new loan was made,
 - (2) Over the outstanding balance of loans to such Participant from the Plan on the date on which such new loan was made, or
 - b. 50 percent of the vested portion of the Participant's Account balance (not including amounts attributable to a Participant's After-Tax Contributions Account);
2. Over the outstanding balance of any other loan or loans from the Plan to the Participant; provided, however, that if 50 percent of the vested portion of the Participant's Account balance (not including any amounts attributable to a Participant's After-Tax Contributions Account) is less than \$10,000.00, the amount in subsection A1 b of this section shall be the lesser of \$10,000.00 or 80 percent of the vested portion of the Participant's Account balance. The minimum loan that may be made from the Plan is \$2,000.00 (or such other amount determined by the Administrative Committee). All loans hereunder shall be subject to such loan processing fees charged by the Trustee and Investment Manager as are approved by the Administrative Committee, which fees shall be paid by borrowing Participants.

B. As soon as practicable after the receipt of all necessary information and directions from the Administrative Committee to make a loan and prior to making any loan pursuant to subsection A of this section, but in no event later than 30 days after the applicable Valuation Date, the Trustee or Investment Manager shall transfer, in accordance with procedures determined by the Administrative Committee, to the Participant Loan Fund from the assets invested in other Investment Funds allocated to the Account of each borrowing Participant an amount equal to the amount of such Participant's loan, which investment shall be allocated to such Participant's Account; provided, however, that no amount from the Participant's After-Tax Contribution Account shall be transferred to the Participant Loan

Fund for the purpose of making a loan to the Participant. The Participant Loan Fund shall be invested solely in loans to Participants made pursuant to this section and shall at all times be at least equal to the total amount of such loans. All interest and principal payments made by such Participant shall be credited to the separate account within the Participant Loan Fund of each Participant who borrows money from the Plan. Except as otherwise provided by the Administrative Committee, as of each Valuation Date all cash in the Participant Loan Fund shall be transferred to the other Investment Funds in accordance with each borrowing Participant's investment choice under Section 5.26.200.

C. Loans made pursuant to subsection A of this section:

1. Shall be secured by the portion of the Participant's Account attributable to vested Matching Contributions and any or all of the following:

a. The portion of the Participant's Account attributable to Tax Deferred Contributions,

b. The portion of the Participant's Account attributable to Rollover Contributions,

c. Such other collateral as the Administrative Committee may require or permit;

2. Shall be available to all Participants on a reasonably equivalent basis that shall not result in discrimination in favor of Employees who are officers or highly compensated within the meaning of Code Section 401; and

3. Shall be evidenced by a promissory note executed by the Participant which provides for:

a. A reasonable rate of interest determined by the Administrative Committee, and

b. For repayment:

(1) Within a specified period of time, which shall not extend beyond five years from the time the loan is made unless the loan proceeds are used to acquire a dwelling, which within a reasonable time is to be used as a principal residence (as determined at the time the loan is made) of the Participant, in which case the promissory note shall provide for repayment within 15 years of the time the loan is made, unless otherwise provided by the Administrative Committee at the time the loan is made, and

(2) In substantially equal payments, at least quarterly, over the term of the loan, and

(3) Upon such other terms and conditions as the Administrative Committee shall determine.

Notwithstanding any other provision of the Plan, including Section 5.26.460, such loan shall be a first lien against the portion of the Participant's Account by which it is secured and any amount of principal or interest due and unpaid thereof shall be deducted insofar as possible from the portion of such Account by which it is secured before the payment of any portion thereof to the Participant or his Beneficiary.

D. Notwithstanding the foregoing provisions of this section, loans made to Participants under the Plan shall be due and payable upon the Participant's termination of employment with the County, whether by death, retirement or otherwise.

5.26.320 Order of distributions.

Unless the Plan provides for a distribution from a specific Account, distributions shall be made first from a Participant's After-Tax Contributions Account before any other Account. Moreover, distributions (including withdrawals) shall be made from the applicable portion of a Participant's Account invested in the Investment Funds on a pro rata basis from each Investment Fund, unless a different order of distribution is directed by the Participant. Each Participant by written notice (in form acceptable to the Administrative Committee) signed by the Participant and filed with the Administrative Committee may direct the order in which distributions are to be made if other than on a pro rata basis.

5.26.330 Small Accounts.

Notwithstanding the foregoing provisions of this Part 6, if a Participant's vested Account balance does not exceed \$5,000.00 (determined, on or after January 1, 2002, without regard to a Participant's Rollover Contribution Account) at the time of his termination of employment with the County, it shall be paid in a lump-sum as soon as practicable following such termination of employment.

5.26.335 Lost Participants.

If the Participant or his or her Beneficiary cannot be located within four years of the date the Participant's interest under the Plan is first payable, the entire balance in his or her Accounts shall be forfeited; provided, however, that the amount so forfeited shall be reinstated as of the date of the subsequent filing of an application for benefits under the Plan, and payment of the lump sum benefit shall occur no later than 60 days after such application is approved by the Administrative Committee.

5.26.338 Application of forfeitures.

The amount of Participant's Accounts which is forfeited for a Plan Year in accordance with Sections 5.26.120, 5.26.280 and 5.26.335 shall be placed in a suspense account and applied as soon as possible to first, restore the accounts of lost Participants who have filed an application for benefits that has been approved by the Administrative Committee, if any, and second, to offset future Matching Contributions to be made by the County in accordance with Section 5.26.140.

Part 7

ADMINISTRATION OF THE PLAN AND TRUST AGREEMENT

Sections:

- 5.26.340 Responsibility for administration.
- 5.26.350 Administrative Committee procedure.
- 5.26.360 Authority.
- 5.26.370 Revocability of action.
- 5.26.380 Employment of assistance.
- 5.26.390 Uniform administration of Plan.
- 5.26.400 Investment Funds.
- 5.26.410 Payment of benefits.
- 5.26.420 Expense charges to Plan.
- 5.26.430 Compliance with laws.
- 5.26.435 Claims procedures.

5.26.340 Responsibility for administration.

As Administrator, the Administrative Committee shall have sole and exclusive responsibility for the administration of the Plan, including but not limited to the preparation and delivery to the Board of Supervisors of Los Angeles County, Participants, Beneficiaries and governmental agencies of all information, descriptions and reports required by applicable law. Each other fiduciary shall have such powers, duties and authorities as shall be specified in the Plan or Trust Agreement. The Administrative Committee shall also be responsible for contracting with any private firm selected by the Committee to provide services related to the Plan.

5.26.350 Administrative Committee procedure.

A. The chairman of the Administrative Committee shall be the Chief Administrative Officer of the County. The chairman of the Administrative Committee shall select a secretary and may select such other officers as are needed from time to time. The members of the Administrative Committee or their designated representatives may authorize one or more of their number or any duly appointed agent or County employee to carry out action that may be taken by the Administrative Committee.

B. The Administrative Committee shall hold meetings at least quarterly or more often at the call of the chairman. A majority of the members of the Administrative Committee shall constitute a quorum and all action taken by the Administrative Committee shall be by majority vote at a meeting at which a quorum is present. The Administrative Committee shall maintain written minutes of its meetings.

5.26.360 Authority.

A. Except as otherwise provided in this Plan or Trust Agreement, the Administrative Committee shall have sole and absolute discretion to administer the Plan, interpret the provisions of the Plan, make factual findings with respect to any issues arising under the Plan and determine the rights and benefits of Participants and other persons under the Plan. The Administrative Committee may adopt rules for the administration of the Plan provided that such rules are not inconsistent with the terms of the Plan, except that the Administrative Committee may modify any notice period required by the Plan or designate any officer to serve as the recipient of any form or notice that has to be filed under the Plan. In addition, the Administrative Committee shall remedy possible ambiguities, inequities or inconsistencies in the Plan and shall correct deficiencies and supply omissions therein. Subject to the provisions of Section 5.26.370, such determinations and findings shall be final and conclusive, to the extent permitted by law, as to all interested persons for all purposes of the Plan. The Administrative Committee shall instruct the Trustee or Contractor as to the benefits to be paid hereunder and shall furnish the Trustee or Contractor with any further information reasonably required by it for the purpose of distributing such benefits and making investments in or withdrawals from one or more of the Investment Funds. The Administrative Committee shall also have the authority to contract with one or more private firms for services related to the Plan, consistent with Section 44.7 of the Los Angeles County Charter and Chapter 2.121 of this Code.

B. The Chief Administrative Officer shall be responsible for recommendations to the Administrative Committee and/or Board of Supervisors on all matters involving budget, liability and fiduciary insurance, Employee relations, and County policy relating to the Plan. The Chief Administrative Officer shall also be responsible for all Participant contact and services associated with the Plan.

C. The County Counsel shall provide, or contract for, all legal advice or representation required by the Administrative Committee and/or the County and its officers and employees in connection with their administration of the Plan.

D. The Auditor-Controller shall provide or contract for annual audits of the Plan, processing of payroll deductions and County contributions, maintaining appropriate County accounting records, transferring of funds to the Trustee or Investment Managers, and periodic reviews of the financial integrity of the Plan.

E. The Treasurer shall be responsible for recommendations to the Administrative Committee on the administration of all contracts with the Trustee, and investment options.

F. The Administrative Committee may assign additional duties and responsibilities to its members, and may from time to time reassign any of the duties and responsibilities set forth above as it deems appropriate.

G. Each of the above County officers may discharge any duty required by this chapter through any designated deputy or assistant or contractor.

5.26.370 Revocability of action.

Any action taken by the Administrative Committee with respect to the rights or benefits under the Plan of any Participant or Beneficiary shall be revocable by the Administrative Committee as to payments, distributions or deliveries not theretofore made hereunder pursuant to such action. Notwithstanding Section 5.26.460, appropriate adjustments may be made in future payments or distributions to a Participant or Beneficiary to offset any excess payment or underpayment theretofore made hereunder to such Participant or Beneficiary.

5.26.380 Employment of assistance.

The Administrative Committee may employ such expert communication and enrollment, legal, accounting, investment, trustee, custody, or other assistance as it deems necessary or advisable for the proper administration of the Plan and Investment Funds.

5.26.390 Uniform administration of Plan.

All action taken by the Administrative Committee under the Plan shall treat all persons similarly situated in a uniform and consistent manner.

5.26.400 Investment Funds.

The Investment Funds shall be held by the Trustee for the exclusive benefit of the Participants and their Beneficiaries, and, unless a different Investment Manager has been appointed, shall be invested by the Trustee upon such terms and in such property as is provided in the Plan and in the Trust Agreement. Except as otherwise provided by the Administrative Committee, the Trustee will, from time to time, make payments, distributions and deliveries from the Investment Funds as provided in the Plan. The Trustee in its relation to the Plan shall be entitled to all of the rights, privileges, immunities and benefits conferred upon it and shall be subject to all of the duties imposed upon it under the Trust Agreement. The Trust Agreement is hereby incorporated in the Plan by reference.

5.26.410 Payment of benefits.

All payments of benefits provided for by the Plan (less any deductions provided for by the Plan) shall be made solely out of the Investment Funds in accordance with instructions given to the Trustee by the Administrative Committee, and the County shall not be otherwise liable for any benefits payable under the Plan.

5.26.420 Expense charges to Plan.

A. With the approval of the Board, expenses incurred as a result of County employees performing the functions defined in Sections 5.26.340 through 5.26.410 may be charged through the Trustee or reimbursed from Plan assets and paid to the County. The expenses so charged will be allocated to the individual Participants' accounts and shall be reflected on quarterly statements. The annual charges shall not exceed the amount approved by the Board of Supervisors in the County budget, and will only include direct, additional County costs.

B. Expenses incurred by members of the Administrative Committee as a result of performing their duties under the Plan will be charged through the Trustee or reimbursed from Plan assets and paid to the member incurring such expense. Such expenses may include the costs of educational materials or classes relating to plan administration or investments if the Administrative Committee determines that such costs are reasonable and necessary.

C. Expenses incurred as a result of contractors performing the Plan functions described in Sections 5.26.340 through 5.26.410, TPA and Trustee fees, and the cost of fiduciary and liability insurance, are limited by the contract or contracts approved by the Administrative Committee or the Board, and will be charged through the Trustee or reimbursed from Plan assets and paid to the County. The expenses, fees and costs so charged will be allocated to the individual Participants' accounts and shall be reflected on quarterly statements.

D. In the event that the Plan accumulates (1) fees in excess of actual administrative expenses, or (2) unallocated earnings from Plan operations, the Administrative Committee shall allocate excess fees and earnings first by establishing a reserve for contingencies and payment of planned obligations not to exceed one-half of the total annual County fees charged to Participants, and then by allocating any remainder by reducing TPA fees charged to Participants by a method determined by the Administrative Committee.

5.26.430 Compliance with laws.

The Administrative Committee shall have the duty to make changes in the administration of this Plan which are necessary to comply with federal or State of California laws.

5.26.435 Claims procedures.

A. Initial Claim. Any Participant or Beneficiary who believes that he or she is entitled to receive a benefit under the Plan must file an application as provided in Section 5.26.240.

B. Appeal. If an application for benefits is denied, the Participant or Beneficiary will be advised of his or her right to appeal the denial to the Administrative Committee. The Participant or Beneficiary may appeal the denial to his or her application by filing with the Administrative Committee a written request for review of such claim stating the specific facts supporting his or her claim and specifying the remedy sought. The appeal shall be reviewed by agents of the Administrative Committee. If the agents determine that the claim is valid, benefits shall be distributed as soon as administratively feasible in accordance with the terms of the Plan. If, however, such agents recommend denial of the claim, such appeal shall be reviewed by the Administrative Committee at its next open meeting. The determination of the Administrative Committee as to the denial of a claim on appeal shall be final and binding to the extent permitted by law.

Part 8

FIDUCIARY RESPONSIBILITY

Sections:

- 5.26.440 Immunities.
- 5.26.450 Fiduciary Responsibilities.

5.26.440 Immunities.

Except as otherwise provided by the Trust Agreement:

A. No fiduciary shall be liable for any action taken or not taken with respect to the Plan or the Trust Agreement except for his own gross negligence or willful misconduct;

B. No fiduciary shall be personally liable upon any contract, agreement or other instrument made or executed by him or on his behalf in the administration of the Plan or the Trust Agreement;

C. No fiduciary shall be liable for the neglect, omission or wrongdoing of another fiduciary nor shall any fiduciary be required to make inquiry into the propriety of any action by another fiduciary;

D. The County and each officer and Employee thereof, the Administrative Committee and each member thereof, and any other person to whom the County or Administrative Committee delegates (or the Plan or Trust Agreement assigns) any duty with respect to the Plan or the Trust Agreement, may rely and shall be fully protected in acting in good faith upon the advice of counsel, who may be counsel for the County, upon the records of the County, upon the opinion, certificate, valuation, report, recommendation, or determination of the TPA, Trustee, Investment Manager, the County Treasurer or of the County Auditor-Controller, or upon any certificate, statement or other representation made by or any information furnished by an Employee, a Participant, a Beneficiary or the Trustee concerning any fact required to be determined under any of the provisions of the Plan;

E. If any responsibility of a fiduciary is allocated to another person, then such fiduciary shall not be responsible for any act or omission of such person in carrying out such responsibility; and

F. No fiduciary shall have the duty to discharge any duty, function or responsibility which is assigned by the terms of the Plan or Trust Agreement or delegated pursuant to the provisions of Section 5.26.450 to another person.

5.26.450 Fiduciary Responsibilities.

The fiduciaries shall have only such powers, duties, responsibilities and authorities as are specified in the Plan or the Trust Agreement. The Board of Supervisors of the County shall have the authority to appoint, employ and remove the Trustee, any Investment Manager, or any other person that is employed for purposes of the Plan and to approve certain expenses charged to the Plan in accordance with Section 5.26.420. The

Administrative Committee shall be the Plan Administrator and shall have the responsibility and authority to appoint or remove any Investment Manager and to interpret and administer the Plan, subject to the provisions hereof. The Trustee shall have the responsibility and authority for the administration of the Trust Agreement.

Part 9

MISCELLANEOUS

Sections:

- 5.26.460 Nonalienation.
- 5.26.465 Rights of an Alternate Payee under a QDRO.
- 5.26.470 Facility of payment.
- 5.26.480 No enlargement of employment rights.
- 5.26.490 Severability provision.
- 5.26.493 Military Service.
- 5.26.495 Electronic Media.
- 5.26.497 Temporary Suspension of Plan Provisions.

5.26.460 Nonalienation.

To the extent permitted by law and except as otherwise provided in the Plan, no right or interest of any kind of a Participant or Beneficiary hereunder shall be transferable or assignable by the Participant or Beneficiary, nor shall any such right or interest be subject to alienation, anticipation, encumbrance, garnishment, attachment, execution or levy of any kind, voluntary or involuntary.

5.26.465 Rights of an Alternate Payee under a QDRO.

A. Notwithstanding Section 5.26.460, an Alternate Payee shall have the right to make a claim for any benefits awarded to the Alternate Payee pursuant to a QDRO as provided in this section. If an Alternate Payee is awarded a specified interest in the Accounts of the Participant pursuant to a QDRO, such interest of the Alternate Payee shall be segregated and separately accounted for by the Trustee in the name and for the benefit of the Alternate Payee.

B. Upon receipt of a domestic relations order, or, if earlier, notice that a domestic relations order may be sought, the Administrative Committee shall suspend distributions from the Participant's Accounts, and shall take steps to ensure that the Participant and each Alternate Payee is aware of the order or proposed order and the suspension of distributions from the Participant's Accounts. Moreover, the Administrative Committee shall determine, within a reasonable period after receipt of such order, whether such order is a QDRO. If the order is determined to be a QDRO, the Alternate Payee's interest under such order shall be segregated and/or distributed in accordance with the QDRO and this Section

5.26.465. If the order is determined not to be a QDRO, and the domestic relations order is not modified as necessary to constitute a QDRO within a reasonable period of time after such determination, the suspension of distributions from the Participant's Accounts shall be discontinued. If an order is not received within a reasonable period of time after the County has been notified that such an order is being sought, the suspension of distributions from the Participant's Accounts shall be discontinued.

C. Distributions to the Alternate Payee shall be made in accordance with the QDRO provided that the QDRO does not conflict with the Plan's distribution provisions or the provisions of this section. Regardless of whether the Participant is eligible to take a distribution under the Plan, the QDRO may provide for an immediate distribution of the Alternate Payee's interest thereunder to the Alternate Payee. If a QDRO does not provide the form of distribution of benefits payable to an Alternate Payee, the Alternate Payee shall have the right to elect distribution in any form provided under this section. Pursuant to the QDRO or the Alternate Payee's election, the Alternate Payee's interest may be distributed in cash in a lump sum payment or in equal monthly, quarterly or annual installments not extending over more than fifteen years.

D. The Alternate Payee's interest specified in the QDRO shall be segregated and/or distributed from the Participant's Accounts, and the Investment Funds in which such Accounts are invested, on a pro rata basis.

E. Following the determination that a domestic relations order is a QDRO, and segregation of an Alternate Payee's interest, the Alternate Payee shall have the right to direct the investment of his or her interest in the same manner as provided under Section 5.26.200 with respect to the Participant. The Participant shall continue to have the right to direct the investment of the portion of his or her Accounts that is not awarded to the Alternate Payee pursuant to the QDRO.

F. Unless the QDRO provides otherwise, an Alternate Payee shall have the right, in the same manner as a Participant, to designate a Beneficiary, who shall receive benefits payable to the Alternate Payee in the event that all of the Alternate Payee's benefits have not been distributed at the time of the Alternate Payee's death. If the Alternate Payee does not designate a Beneficiary, or if the Beneficiary predeceases the Alternate Payee, benefits payable to the Alternate Payee which have not been distributed shall be paid to the Alternate Payee's estate. Any death benefits payable under this section shall be paid in a lump sum as soon as administratively practicable after the Alternate Payee's death, with or without the Beneficiary's request.

5.26.470 Facility of payment.

Whenever any Participant entitled to benefits under the Plan shall be under a legal disability or, in the sole judgment of the Administrative Committee, shall otherwise be unable to apply benefits to his own best interest and advantage, the Trustee, at the direction of the Administrative Committee, may make payments to the Participant's legal representative, and the decision of the Administrative Committee shall completely discharge the liability of the Plan, the Administrative Committee, the County and the Trustee with respect to such benefits.

5.26.480 No enlargement of employment rights.

A Participant by accepting benefits under the Plan does not thereby agree to continue for any period in the employ of the County, and the County by adopting the Plan, making contributions or taking any action with respect to the Plan does not obligate itself to continue the employment of any Participant for any period.

5.26.490 Severability provision.

If any provision of the Plan or the application thereof to any circumstance or person is invalid the remainder of the Plan and the application of such provision to other circumstances or persons shall not be affected thereby.

5.26.493 Military Service.

Effective on and after December 12, 1994, and notwithstanding any provisions of this Plan to the contrary, contributions, benefits and service credit with respect to "qualified military service" will be provided in accordance with Section 414(u) of the Code. "Qualified military service" means any service in the uniformed services (as defined in chapter 43 of title 38 of the United States Code) by any individual if such individual is entitled to reemployment rights under such chapter with respect to such service.

5.26.495 Electronic Media.

Notwithstanding any provision in this Plan to the contrary, including provisions requiring the use of a written instrument, the Administrative Committee may establish procedures for the use of electronic media in communications and transactions between the Plan or the Administrative Committee and Participants and Beneficiaries: provided, however, that any such procedures shall comply with applicable law. Electronic media may include, but are not limited to, e-mail, the Internet, intranet systems and automated, telephonic voice-response systems.

5.26.497 Temporary Suspension of Plan Provisions.

Notwithstanding any provision of the Plan to the contrary, during any conversion period (including but not limited to a change of Trustee, TPA or Investment Funds), in accordance with procedures established by the Administrative Committee, the Administrative Committee may temporarily suspend, in whole or in part, certain provisions of the Plan, which may include, but are not limited to, a Participant's right to change his contribution election, a Participant's right to change his investment election and a Participant's right to borrow or withdraw from his Account or obtain a distribution from his Account.

Part 10

AMENDMENT OR TERMINATION

Sections:

- 5.26.500 Right to amend or terminate.
- 5.26.510 Procedure for termination or amendment.
- 5.26.520 Distribution upon termination without maintenance of a successor plan.
- 5.26.530 Vesting on termination.
- 5.26.540 Failure to qualify under Sections 401(a) and 401(k) of the Code.

5.26.500 Right to amend or terminate.

Subject to the limitations of Section 5.26.150, the Board of Supervisors of the County has reserved, and does hereby reserve, the right at any time or times, without the consent of any Participant, Beneficiary or other person, (1) to terminate the Plan, in whole or in part or as to any designated group of Eligible Employees, Participants and their Beneficiaries, or (2) to amend the Plan, in whole or in part. Subject to the provisions of Section 5.26.120 no such termination or amendment shall decrease the amount to be contributed by the County on account of any period prior to the date such termination or amendment is approved by the Board of Supervisors of the County.

5.26.510 Procedure for termination or amendment.

Any termination or amendment of the Plan pursuant to Section 5.26.500 shall be expressed in an instrument executed by the County on the order of its Board of Supervisors and filed with the Trustee, and shall become effective as of the date designated in such instrument or, if no date is so designated, on its execution.

5.26.520 Distribution upon termination without maintenance of a successor plan.

If the Plan shall be terminated by the County, subject to the final sentence of Section 5.26.500, County Contributions shall cease, and the Investment Funds shall be distributed as if each Participant had then retired pursuant to Section 5.26.260 at the time of the termination, provided that the County does not maintain a successor plan within the meaning of Treasury Regulation Section 1.401(k)-1(d)(3).

5.26.530 Vesting on termination.

Notwithstanding any other provision of the Plan, upon the termination or partial termination of the Plan or upon complete discontinuance of contributions under the Plan, the rights of all Employees to benefits accrued to the date of such termination or partial termination or discontinuance, to the extent then funded, or the amounts credited to the Employee's Accounts shall be fully vested and nonforfeitable.

5.26.540 Failure to qualify under Sections 401(a) and 401(k) of the Code.

Notwithstanding anything else contained herein, the Plan shall be subject to the issuance by the Internal Revenue Service of either (1) a determination or ruling to the effect that the Plan as amended and restated (and as modified by any amendment thereto made for the purpose of securing such determination or ruling) meets the applicable requirements of Sections 401(a) and 401(k) of the Code for a qualified governmental plan containing a qualified cash or deferred arrangement, or (2) a determination or ruling with respect to the Plan that is acceptable to the County. If the County does not receive such a determination or ruling within 12 months after it requests it or, if earlier, within 24 months after the Plan is amended and restated by the County, then, notwithstanding any other provision of the Plan, the County may elect to declare the Plan to be retroactively void as of the date of the amendment and restatement by giving written notice to the Trustee that no such Internal Revenue Service determination or ruling has been received.

Part 11

ROLLOVERS

Sections:

5.26.610 Rollovers and Plan-to-Plan Transfers.

5.26.610 Rollovers and Plan-to-Plan Transfers.

A. Rollovers from Other Plans.

1. The Trustee or its authorized agent shall, at the direction of the Administrative Committee, receive and thereafter hold and administer as part of the Accounts for a Participant all cash and other property that constitute an Eligible Rollover Distribution if such Eligible Rollover Distribution is either (1) received in a direct trustee-to-trustee transfer, or (2) transferred by the Participant to the Trustee or its authorized agent on or before the 60th day after he received such Eligible Rollover Distribution (a "Rollover Contribution"). For purposes of this Section 5.26.610A, the Plan will accept Rollover Contributions that are made on or after January 1, 2002, from the following plans: (1) an individual retirement account under Code Section 408(a); (2) a "conduit" individual retirement account described in Code Section 408(d)(3)(A)(2); (3) an individual retirement annuity under Code Section 408(b); (4) an annuity plan described in Code Section 403(a); (5) a defined contribution plan which is qualified under Code Section 401(a); (6) an annuity contract under Code Section 403(b); and (7) an eligible deferred compensation plan under Code Section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state. The Plan will accept an Eligible Rollover Distribution on or after January 1, 2002 which includes a distribution of after-tax employee contributions, provided the Rollover Contribution is made in a direct trustee-to-trustee transfer. The Plan will accept an Eligible Rollover Distribution on or after January 1, 2002 that is attributable to the Participant's status as a surviving spouse.

2. The Administrative Committee may take any action and may require the Participant to provide any information or documentation necessary to permit the Administrative Committee to satisfy any obligation imposed on the Administrative Committee by the Code and the regulations thereunder to make a reasonable determination that the Eligible Rollover Distribution satisfies the requirements of the Code and the terms of the Plan. The Committee may instruct the Trustee or its authorized agent not to accept the contribution if it does not satisfy such requirements or if it would otherwise jeopardize the qualified status of the Plan.

3. An Eligible Rollover Distribution received by the Plan shall be held in the Participant's Rollover Contributions Account (which shall include one or more record-keeping subaccounts for purposes of separately accounting for Rollover Contributions from an eligible deferred compensation plan under Code Section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and the nontaxable portion of a Rollover Contributions that include after-tax contributions) and invested in accordance with the Participant's instructions in accordance with Section 5.26.200.

B. Rollovers From the Plan.

1. A Participant who is entitled to receive an Eligible Rollover Distribution from the Plan, may direct the Administrative Committee to have the distribution transferred in a lump sum directly to the trustee of one of the following "eligible retirement plans": (a) an individual retirement account under Code Section 408(a); (b) an individual retirement annuity under Code Section 408(b); (c) an annuity plan described in Code Section 403(a); or (d) a defined contribution plan which is qualified under Code Section 401(a) and permits the acceptance of rollover contributions. Effective for any distributions made on or after January 1, 2002, the term "eligible retirement plan" also shall include: (y) an annuity contract under Code Section 403(b), and (z) an eligible deferred compensation plan under Code Section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from the Plan.

2. In order for a transfer to be made with respect to a Participant under this Section, (a) the Participant must designate in writing the eligible retirement plan to receive the transferred amounts; (b) the Participant must timely provide the Administrative Committee with adequate information to enable the Administrative Committee to determine that the transferee plan is an eligible retirement plan described above; (c) the entire amount to be transferred must be an Eligible Rollover Distribution; and (d) the Participant must have received proper notice in accordance with Code Section 402(f).

3. For distributions made on or after January 1, 2002, a portion of a distribution shall not fail to be an Eligible Rollover Distribution merely because the portion consists of After-Tax Contributions. However, such portion may be transferred only (a) to an individual retirement account under Code Section 408(a) or an individual retirement annuity under Code Section 408(b), or (b) in a direct trustee-to-trustee transfer to an annuity plan described in Code Section 403(a) or a defined contribution plan which is qualified under Code Section 401(a) that agrees to separately account for amounts so transferred,

including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

4. For distributions made after December 31, 1992, a Participant's surviving spouse who becomes eligible to receive a distribution on the Participant's death under Section 5.26.270 of the Plan or an Alternate Payee who is a Participant's spouse or former spouse who becomes eligible to receive a distribution under Section 5.26.465 of the Plan shall be treated as the Participant for purposes of this Section, except that the term "eligible retirement plan" shall not include an annuity plan described in Code Section 403(a) or a defined contribution plan which is qualified under Code Section 401(a). For distributions made on or after January 1, 2002, a Participant's surviving spouse who becomes eligible to receive a distribution on the Participant's death under Section 5.26.270 of the Plan or an Alternate Payee who is a Participant's spouse or former spouse who becomes eligible to receive a distribution under Section 5.26.465 of the Plan shall be treated as the Participant for purposes of this Section.

C. Transfers Between County 401(k) Plans.

1. Transfers to this Plan from the County Deferred Earnings Plan. A Participant who is qualified to make Tax Deferred Contributions to this Plan may elect to transfer to this Plan his membership and the balance in his accounts under the County Deferred Earnings Plan, provided that:

a. Investments in the Participant's "Account" (as defined in the County Deferred Earnings Plan) -- other than any investment in the "Participant Loan Fund" (as defined in the County Deferred Earnings Plan) -- under the County Deferred Earnings Plan shall be liquidated and then the cash shall be transferred to this Plan within a commercially reasonable period of time, unless the Administrative Committee otherwise makes arrangements for an in-kind transfer of assets. As soon as practicable following the transfer, the transferred cash shall be invested in the same Investment Funds (or a similar Investment Fund if the identical fund is not an available investment alternative) from which those amounts were liquidated and in the same proportions as they were invested under the County Deferred Earnings Plan;

b. Any balance owing and obligations of a County Deferred Earnings Plan loan shall become the balance owing and obligations due to this Plan; and

c. Vesting credit and benefit distribution rights accrued in the County Deferred Earnings Plan shall be transferred to this Plan.

2. Transfers from this Plan to the County Deferred Earnings Plan. A Participant who is qualified to make Tax Deferred Contributions (as defined in the County Deferred Earnings Plan) to the County Deferred Earnings Plan may elect to transfer to the County Deferred Earnings Plan his membership and the balance in his accounts under this Plan, provided that:

a. Investments in the Participant's Account -- other than any investment in the Participant Loan Fund -- under this Plan shall be liquidated and then the cash shall be transferred to the County Deferred Earnings Plan within a commercially reasonable period of time, unless the Administrative Committee otherwise makes arrangements for the in-kind transfer of assets. As soon as practicable following the transfer, the transferred cash shall

be invested in the same Investment Funds (as defined in the County Deferred Earnings Plan) -- or a similar Investment Fund (if the identical fund is not an available investment alternative) from which those amounts were liquidated and in the same proportions as they were invested under this Plan;

b. Any balance owing and obligations of a loan under this Plan shall become the balance owing and obligations due to the County Deferred Earnings Plan; and

c. Vesting credit and benefit distribution rights accrued in this Plan shall be transferred to the County Deferred Earnings Plan.

3. Transfers from this Plan to a Successor 401(k) Plan. The Accounts of a Participant who is eligible to participate in (a) a qualified defined contribution plan including a qualified cash or deferred arrangement maintained by an entity determined by the Internal Revenue Service to be a successor employer to the County, or (b) a qualified defined contribution plan including a cash or deferred arrangement that is determined by the Internal Revenue Service to be a successor plan to this Plan such that it is treated as adopted before May 7, 1986 by a state or local government, its political subdivision, or its agency or instrumentality, (referred to herein as a "Successor CODA Plan"), shall be liquidated and transferred to the Successor CODA Plan in accordance with the procedures implemented by the Administrative Committee; provided that:

a. Any balance owing and obligations of a loan under this Plan shall become the balance owing and obligations due to the Successor CODA Plan, which shall assume the Participant's note; and

b. Vesting credit and benefit distribution rights accrued in this Plan shall be transferred to the Successor CODA Plan.

Part 12

EGTRRA Sunset

Section:

5.26.700 EGTRRA Sunset Provisions.

5.26.700 EGTRRA Sunset Provisions.

The changes made to this Plan in accordance with the terms of the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA"), shall expire and no longer be effective upon the sunset of the applicable provisions of EGTRRA. The sections of the Plan that will no longer be effective (in whole or in part) upon the sunset of applicable EGTRRA provisions include: 5.26.020A(17) (last sentence); 5.26.035B (Code Section 401(a)(17) limits); 5.26.060B (Catch-Up Contributions authorized); 5.26.100B, C, E; 5.26.160B (Code Section 415 limits); 5.26.300D3 (suspension period for Tax Deferred and After-Tax Contributions in the event of a Hardship Withdrawal); 5.26.330; 5.26.610 (Rollover provisions) and such other provisions that the Administrative Committee determines are no longer applicable due to the sunset of relevant EGTRRA provisions. Upon the sunset of the EGTRRA provisions, and notwithstanding anything in the Plan to the contrary, the Plan shall be construed in accordance with the terms of the Plan in effect

as of December 31, 2001, except to the extent such terms are inconsistent with the applicable provisions of the Code and guidance issued thereunder, in which case, the Plan will be construed consistent with such applicable law.

SECTION 3. Pursuant to Government Code Section 25123 (f) this ordinance shall become effective immediately upon final passage.

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